

Exhibit 14

30(b)(6) Deposition of
Ike Lawrence Epstein
on behalf of Zuffa, LLC
(December 2, 2016) (excerpted)

UNITED STATES DISTRICT COURT

DISTRICT OF NEVADA

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| CUNG LE; NATHAN QUARRY, JON |) | |
| FITCH, on behalf of |) | |
| themselves and all others |) | |
| similarly situated, |) | |
| |) | |
| Plaintiffs, |) | |
| |) | |
| vs. |) | Case No. |
| |) | 2:15-cv-01045-RFB-(PAL) |
| |) | |
| ZUFFA, LLC, d/b/a Ultimate |) | |
| Fighting Championship and |) | |
| UFC, |) | |
| |) | |
| Defendant. |) | |
| _____ |) | |

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VIDEO RECORDED 30(b)(6) DEPOSITION OF ZUFFA, LLC

BY IKE LAWRENCE EPSTEIN

December 2, 2016

LAS VEGAS, NEVADA

11:29 A.M.

Reported by:
Sarah Padilla, CCR NO. 929
Job No: 47777

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| <p style="text-align: right;">22</p> <p>1 "competitors," I guess you're talking about in this 2 MMA space, because we've got competitors outside of 3 that, so I just want to make sure. 4 Q Fair enough. In the MMA promotion space. 5 A To varying degrees, I believe they were 6 all competitors. 7 Q Were any of the MMA promoters that Zuffa 8 acquired during the 2006 to 2015 time frame the 9 number two competitor in Zuffa's eyes behind Zuffa? 10 MS. GRISBY: Objection to form. 11 THE WITNESS: You know, not necessarily. 12 I mean, this is a global business. So when you say 13 sort of the number two, there could be the number 14 two in the U.S., there could be number two in Asia, 15 there could be the number, you know, two in Europe. 16 It's -- it's a global business, so I can't really 17 answer that one in generality. 18 BY MR. WEILER: 19 Q Fair enough. Did Zuffa acquire the 20 contractual rights to elite MMA fighters through any 21 of its acquisitions? 22 MS. GRISBY: Objection to form. 23 THE WITNESS: Yeah, I -- I don't know what 24 "elite MMA fighters" means, but we certainly 25 acquired the contracts of athletes, some of them</p> | <p style="text-align: right;">24</p> <p>1 said, we have experienced fighters in the UFC. We 2 have inexperienced fighters. We have fighters who 3 fall in the middle. I mean, every fighter's really 4 different, and, you know, the other organizations 5 had similar type rosters. 6 Q So are you familiar with an MMA promoter 7 called World Extreme Cage Fighting? 8 A Yes, also we call it WEC. 9 Q I was going to say can we call it WEC, 10 since it's -- 11 A Yeah, shorter. 12 Q Did Zuffa purchase the WEC? 13 A Yes. 14 Q How did Zuffa come to acquire the WEC? 15 A Zuffa came to acquire the WEC after 16 getting to know a couple of the principals or the 17 main principals in the organization, a guy by the 18 name of Reed Harris and another gentleman by the 19 name of Scott Adams. 20 Q And who negotiated the WEC acquisition on 21 behalf of Zuffa? 22 A Once again, I want to make sure we're 23 complete. I think we listed it in the binder which 24 we attached as Exhibit 55, but -- 25 MS. NERO: And Tab A is the written out</p> |
| <p style="text-align: right;">23</p> <p>1 very experienced, some of them with, you know, one 2 or two fights. 3 BY MR. WEILER: 4 Q Does Zuffa consider there to be 5 qualitative differences between fighters who -- 6 strike that. 7 During the 2006 to 2015 time frame, did 8 Zuffa consider there to be qualitative differences 9 between fighters who fought for the UFC and fighters 10 who fought at rival MMA promotions? 11 A I mean, it's a hard question to answer. I 12 think, you know, lots of other promotions had good 13 fighters in them, they had inexperienced fighters in 14 their rosters, and we had the same thing. I mean, 15 we have fighters who have a handful of fights and 16 some that have, you know 30 fights. So I just don't 17 understand how to answer it because I think they had 18 a variety of quality of athletes and we had a 19 variety of quality of athletes in the UFC. 20 Q So is it your testimony that Zuffa did not 21 deem fighters who were fighting for rival promotions 22 during the 2006 to 2015 time frame to be of inferior 23 quality to the fighters who were fighting in the 24 UFC? 25 A Not across the board, no. Like I just</p> | <p style="text-align: right;">25</p> <p>1 that was provided. 2 THE WITNESS: Tab A, yeah. But -- 3 BY MR. WEILER: 4 Q So turning to Tab A, there's a number of 5 names here: Lorenzo Fertitta, Dana White, Lawrence 6 Epstein, Kirk Hendrick, John Mulkey, Marshall 7 Zelaznik. 8 A Correct. 9 Q And -- 10 A That's the guy you don't want to hear how 11 you pronounce this one. 12 Q This is probably Mr. Bachvarova? 13 A Bachvarova, that's good. It's a woman, 14 but anyway. It took me like years to figure out how 15 to pronounce it. Yeah, so I think with respect to 16 WEC, it would have been Lorenzo Fertitta, Kirk 17 Hendrick, John Mulkey, and Dana White. 18 Q Of the -- of the people who are listed 19 here in Tab A, did any of these people have primary 20 responsibility for the negotiation on behalf of 21 Zuffa? 22 A You know, I don't think there was anybody 23 who was primarily responsible for it. I mean, at 24 the time of this acquisition, the UFC was a very, 25 very small organization, you know, a few dozen</p> |

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| <p style="text-align: right;">26</p> <p>1 people. So it was necessarily a team effort to get 2 anything done, let alone an acquisition. So I'm not 3 aware that someone is specifically the lead person 4 on this thing, but the people that I mentioned were 5 involved.</p> <p>6 Q So did WEC reach out to Zuffa, or was it 7 the other way around?</p> <p>8 A I think UFC event reached out to WEC.</p> <p>9 Q And do you know who at -- at UFC reached 10 out to WEC?</p> <p>11 A My understanding is that Dana White was, 12 as I said previously, became acquainted with Reed 13 Harris and with Scott Adams. He had actually 14 attended some of the WEC events. And it was Dana 15 White who initially approached Reed Harris and said, 16 "You know what? I think there's an opportunity for 17 us to do something together. Would you be 18 interested?"</p> <p>19 Q Had the WEC staged successful MMA events 20 prior to Zuffa purchasing it?</p> <p>21 A I mean, it depends what you call 22 successful. But they'd certainly put on a series of 23 events, mainly in Indian reservations in California. 24 At the time, the sport -- for much of the time WEC 25 operated, the sport wasn't regulated in the state of</p> | <p style="text-align: right;">28</p> <p>1 before we owned the company. I think it was a way 2 they used to sort of, you know, promote the events 3 and talk to them, the Superfights. Obviously, he 4 won some of those Superfights, so they anointed him 5 the Superfight champion. But that was before Zuffa 6 acquired the company in January 2001.</p> <p>7 MS. GRISBY: Counsel, I'm just going to 8 object to the scope when you are referring to either 9 fighters or things that occurred before the time 10 frame, the relevant time period, as defined by your 11 30(b)(6) notice.</p> <p>12 MR. WEILER: I think the questions are 13 relevant to the purposes for the acquisition, as 14 well as to inform me of the scope of the 15 negotiations, and as well as the decision to -- the 16 decision Zuffa made whether to acquire the 17 companies. But your objection is noted for the 18 record.</p> <p>19 BY MR. WEILER:</p> <p>20 Q Prior to purchasing the WEC, was Zuffa 21 concerned that the WEC could compete with the UFC by 22 staging MMA events with MMA stars?</p> <p>23 A I don't know what you mean by "MMA stars." 24 But, I mean, you know, they were a -- a competitor 25 in my view, though mainly regional during the</p> |
| <p style="text-align: right;">27</p> <p>1 California, so they had to do it on Indian 2 reservations. But, yeah, they certainly put on a 3 fair amount of events.</p> <p>4 Q Did WEC stage events featuring Dan Severn?</p> <p>5 A You know, they may have. I don't recall.</p> <p>6 Q Do you know who -- strike that. 7 Who is Dan Severn?</p> <p>8 A Dan Severn is a former UFC champion who 9 fought in the UFC, certainly before Zuffa acquired 10 it in January of 2001.</p> <p>11 Q Is he a UFC Hall of Famer?</p> <p>12 A I believe he is.</p> <p>13 Q And did WEC stage events featuring Ken 14 Shamrock?</p> <p>15 A They may have.</p> <p>16 Q And who is Ken Shamrock?</p> <p>17 A Ken Shamrock is another fighter who fought 18 both in the UFC prior to the Zuffa acquisition, and 19 he did have a few fights in the UFC after the Zuffa 20 acquisition.</p> <p>21 Q Was he at one point a UFC Superfight 22 champion?</p> <p>23 A I think he was, yes.</p> <p>24 Q What is a Superfight champion?</p> <p>25 A You know, it's something that occurred</p> | <p style="text-align: right;">29</p> <p>1 events, as I mentioned previously in the Indian 2 reservations in California. I don't know if that 3 answered your question, but that's --</p> <p>4 Q Did Zuffa become aware at one point that 5 WEC planned to stage an event with Chuck Liddell?</p> <p>6 A I don't know if we became aware that they 7 planned to stage an event with Chuck Liddell. I 8 think there was -- Chuck Liddell was a UFC-signed 9 athlete. And I think there was some confusion about 10 whether UFC could sign him to a contract for him to 11 do one WEC event. Because WEC didn't have any 12 long-term deals or athletes. They were all just 13 one-fight deals. So I think there was just some 14 confusion about whether they could do one fight with 15 Chuck, which was ultimately, I believe, resolved 16 between Reed Harris and Dana White.</p> <p>17 Q You say there was some confusion. Did 18 Zuffa issue WEC a cease and desist letter regarding 19 Mr. Liddell?</p> <p>20 A I believe Kirk Hendrick wrote a letter to 21 Reed Harris just informing him that we had a 22 contract or UFC had a contract with Chuck Liddell 23 and that the WEC couldn't do a single event with 24 him.</p> <p>25 Q And why did Zuffa send the cease and</p> |

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| <p style="text-align: right;">30</p> <p>1 desist letter to the WEC regarding Mr. Liddell?</p> <p>2 MS. GRISBY: Objection. Scope.</p> <p>3 THE WITNESS: Because the UFC had a</p> <p>4 contract with Chuck Liddell.</p> <p>5 BY MR. WEILER:</p> <p>6 Q Did Zuffa consider cross-promoting the WEC</p> <p>7 event with Mr. Liddell?</p> <p>8 A I don't think so.</p> <p>9 Q I would like to introduce what I think is</p> <p>10 going to be Exhibit 56.</p> <p>11 (Exhibit 56 was marked.)</p> <p>12 BY MR. WEILER</p> <p>13 Q I'm just going to mark this for the</p> <p>14 record, but then I'll refer you to the document in</p> <p>15 the binder.</p> <p>16 A Okay. Great.</p> <p>17 Q Exhibit 56 is a document bearing Bates</p> <p>18 label ZUF-00172283 through 2323.</p> <p>19 A Which one is it?</p> <p>20 Q This is the asset purchase agreement for</p> <p>21 the WEC. It is Tab No. 1 in Exhibit 55.</p> <p>22 A Got it.</p> <p>23 Q Are you familiar with this document?</p> <p>24 A Generally, yes.</p> <p>25 Q And what is this document?</p> | <p style="text-align: right;">32</p> <p>1 A It looks like it. Obviously, there is</p> <p>2 some schedules. But looks like it, yes.</p> <p>3 Q Okay. Directing your attention to page 7,</p> <p>4 Subdivision G, Business Contracts. Do you see that</p> <p>5 section?</p> <p>6 A I do.</p> <p>7 Q As part of the acquisition, were the</p> <p>8 contracts that WEC had with its fighters considered</p> <p>9 business contracts for purposes of this acquisition?</p> <p>10 A You know, they may have been. I mean,</p> <p>11 WEC, as I mentioned previously, had most of its</p> <p>12 fighters on one-fight deals. So I'm not exactly</p> <p>13 sure how many fighters' contracts were really</p> <p>14 acquired because most of the contracts, as I said,</p> <p>15 were on a fight-by-fight basis.</p> <p>16 Q At the time of the purchase in October of</p> <p>17 2006, did Zuffa intend to operate the WEC as a</p> <p>18 stand-alone business?</p> <p>19 A Yes, and that's what we did.</p> <p>20 Q Did Zuffa purchase the WEC so that it</p> <p>21 could be a minor league for Zuffa's UFC fights?</p> <p>22 A No.</p> <p>23 Q Were any of the fighters who were fighting</p> <p>24 for the WEC at the time of the acquisition given</p> <p>25 contracts with Zuffa as a result of the acquisition?</p> |
| <p style="text-align: right;">31</p> <p>1 A It is a World Extreme Cage Fighting, LLC</p> <p>2 asset purchase agreement. Or is this just the</p> <p>3 disclosure schedules -- I don't. It looks like this</p> <p>4 is just the disclosure schedules, certainly</p> <p>5 Exhibit 1.</p> <p>6 Q Yeah. I think Tab 2 is what's been</p> <p>7 introduced as Exhibit 56, which is the APA.</p> <p>8 A So you want me to look at Tab 1 first?</p> <p>9 Q No. Let's just skip to Tab 2. I was</p> <p>10 reading the index wrong.</p> <p>11 A Got it. So Tab 2 is the asset purchase</p> <p>12 agreement, WEC Holdings, World Extreme Cage Fighting</p> <p>13 LLC, Scott Adams, Reed Harris.</p> <p>14 Q And just for the record, who is Reed</p> <p>15 Harris?</p> <p>16 A Reed Harris is a VP at Zuffa right now,</p> <p>17 but at the time he was one of the owners of WEC.</p> <p>18 Q And who is Scott Adams?</p> <p>19 A Scott Adams is a guy who used to work at</p> <p>20 the UFC, but was also one of the principals of WEC.</p> <p>21 Q So turning to page 6 of the agreement,</p> <p>22 Section 2.1 where it says acquired assets.</p> <p>23 A Got it.</p> <p>24 Q Does this section of the agreement</p> <p>25 describe the assets that Zuffa acquired from WEC?</p> | <p style="text-align: right;">33</p> <p>1 A Yes.</p> <p>2 MS. GRISBY: Objection.</p> <p>3 THE WITNESS: Sorry.</p> <p>4 MS. GRISBY: Objection to form.</p> <p>5 THE WITNESS: Yes.</p> <p>6 BY MR. WEILER:</p> <p>7 Q Do you know how many fighters were given</p> <p>8 contracts with Zuffa as a result of the acquisition?</p> <p>9 A I don't.</p> <p>10 Q Do you know an approximate ballpark</p> <p>11 percentage? 10 percent? 15? 20?</p> <p>12 A I don't know a percentage. I mean, you</p> <p>13 know, I do know that one of the main reasons --</p> <p>14 there were several reasons why WEC was acquired.</p> <p>15 One was because they had a couple of weight classes</p> <p>16 that the UFC didn't have; I believe 135 and 145.</p> <p>17 And as we were expanding output of the overall Zuffa</p> <p>18 business, we felt like there was a great opportunity</p> <p>19 to grow in those particular weight classes because</p> <p>20 the UFC didn't have them. So I know that, if not</p> <p>21 all, the vast majority of the fighters that were</p> <p>22 associated with the UFC in the 135 and 145 weight</p> <p>23 classes ultimately got new contracts with the</p> <p>24 Zuffa-owned WEC, as did the -- they had higher</p> <p>25 weight classes too. But with respect to the lower</p> |

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| <p style="text-align: right;">34</p> <p>1 weight classes, there was a -- that was a priority.</p> <p>2 Q So regarding the fighters from WEC who</p> <p>3 were in the 135 and the 145 weight class, were the</p> <p>4 majority of those WEC fighters given contracts with</p> <p>5 Zuffa?</p> <p>6 A I believe they were. I just don't have</p> <p>7 the specific -- a detailed recollection of exactly</p> <p>8 what fighters. But that was the game plan to bring</p> <p>9 everybody over.</p> <p>10 Q And you say that was the game plan to</p> <p>11 bring everybody over, are you referring to the 135</p> <p>12 and 145 weight class?</p> <p>13 A Well, no. I'm referring to -- to all the</p> <p>14 weight classes. I think the game plan was -- the</p> <p>15 other reason why we acquired WEC is that when we</p> <p>16 entered into our deal with Spike TV, when the UFC</p> <p>17 entered into its deal with Spike TV, Spike required</p> <p>18 that we be exclusive to them, that we couldn't go to</p> <p>19 any other cable networks. We became aware that the</p> <p>20 Outdoor Life Network, which ultimately became</p> <p>21 Versus, which ultimately became the NBC Sports</p> <p>22 Network, was interested in MMA content because of</p> <p>23 the success of the UFC. We couldn't put UFC content</p> <p>24 on there because our deal with Spike restricted us.</p> <p>25 So this gave us the opportunity to put more MMA</p> | <p style="text-align: right;">36</p> <p>1 the exact dates.</p> <p>2 Q And was there anyone at Zuffa who was</p> <p>3 responsible for the WEC operations?</p> <p>4 A Yes. Pete Dropick was one of the people</p> <p>5 who were responsible for the general operations of</p> <p>6 the WEC. Reed Harris continued to be involved in</p> <p>7 the WEC. For a period of time Scott Adams, before</p> <p>8 he left, was involved in the operation of the WEC.</p> <p>9 And there was many, many others. But those were the</p> <p>10 three main people when it came to the operations of</p> <p>11 the organization.</p> <p>12 Q So of those three people that you</p> <p>13 mentioned, Mr. Adams, Mr. Harris, and Mr. Dropick --</p> <p>14 were any of them, were any of them the number one</p> <p>15 guy in terms of authority for the operations for</p> <p>16 WEC?</p> <p>17 A That's a good question. You know, I think</p> <p>18 it changed at different periods of time. But, you</p> <p>19 know, I would say that Pete Dropick would have been</p> <p>20 the individual who was sort of the lead person for</p> <p>21 most of the time regarding the operations of the</p> <p>22 WEC.</p> <p>23 Q During the time that Mr. Dropick may have</p> <p>24 been the lead person for WEC operations, who did he</p> <p>25 report to at Zuffa?</p> |
| <p style="text-align: right;">35</p> <p>1 content on the Sports Channel, get all the marketing</p> <p>2 and the exposure associated with that.</p> <p>3 Because at this time, MMA, you know, was</p> <p>4 still a very niche market. It was something that,</p> <p>5 you know, not a lot of people knew about or people</p> <p>6 had misconceptions about it. So one of the</p> <p>7 strategies was get more content on a broadly</p> <p>8 distributed cable channel so we could let more</p> <p>9 people know about what MMA was all about. And we</p> <p>10 did that through the WEC brand because we couldn't</p> <p>11 do it through UFC.</p> <p>12 Q And were there any fighters who were</p> <p>13 fighting for WEC at the time of the acquisition who</p> <p>14 were not given contracts with Zuffa?</p> <p>15 A You know, as I said, most of the fighters</p> <p>16 were on one-fight deals. So I don't remember</p> <p>17 specifically, you know, how the new contracts were</p> <p>18 entered into and which athletes were given new</p> <p>19 contracts under the Zuffa-owned WEC. But my</p> <p>20 recollection is that we wanted all, the majority.</p> <p>21 Q And how long did UFC operate as WEC as a</p> <p>22 stand-alone business?</p> <p>23 A I think three or four years.</p> <p>24 Q Through 2010?</p> <p>25 A That sounds about right. I don't remember</p> | <p style="text-align: right;">37</p> <p>1 A You know, he reported in to a variety of</p> <p>2 members of our senior executive committee including,</p> <p>3 you know, myself, Kirk Hendrick, John Mulkey our</p> <p>4 CFO, Dana White, Lorenzo Fertitta.</p> <p>5 Q So in terms of very large decisions on,</p> <p>6 say, media contracts or something like that with</p> <p>7 respect to the WEC, was there one person in</p> <p>8 particular who Mr. Dropick would have to consult?</p> <p>9 A I don't think there was one person in</p> <p>10 particular. At this time, you know, we were a very,</p> <p>11 very small organization. And virtually all of the</p> <p>12 major decisions the company made involved, you know,</p> <p>13 myself once I joined the company, Kirk Hendrick,</p> <p>14 Lorenzo Fertitta, John Mulkey our CFO at the time,</p> <p>15 and Dana White.</p> <p>16 Q Was Zuffa's operation of the WEC</p> <p>17 profitable?</p> <p>18 A That's a tough question to answer just</p> <p>19 because -- for a variety of reasons. One, because</p> <p>20 we definitely had a lot of overhead that we sort of</p> <p>21 handled for the WEC operation. But I mean, at the</p> <p>22 end of the day I really don't know whether it was or</p> <p>23 it wasn't.</p> <p>24 Q I'd like to mark as Exhibit 57 a document</p> <p>25 that has been created from a spreadsheet bearing the</p> |

10 (Pages 34 to 37)

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| <p style="text-align: right;">106</p> <p>1 Q Who is Tom Paschall?</p> <p>2 A Tom Paschall is an associate -- was an</p> <p>3 associate at Milbank Tweed in Los Angeles.</p> <p>4 Q Did Mr. Paschall have any role in the</p> <p>5 Pride transaction?</p> <p>6 A He was a lawyer documenting the</p> <p>7 transaction for us.</p> <p>8 Q Did Mr. Mr. Paschall have any role other</p> <p>9 than documenting the transaction?</p> <p>10 A No. I mean, he may have acted as</p> <p>11 messenger for certain information at times. But if</p> <p>12 you're asking whether, you know, he was authorized</p> <p>13 to negotiate on behalf of us, business terms, the</p> <p>14 answer is, no, he was not.</p> <p>15 Q Let me direct your attention to the very</p> <p>16 first sentence of the e-mail says, "I had a lengthy</p> <p>17 meeting tonight with Mr. Sakakibara, Mr. Matsui, the</p> <p>18 Nagashima attorney, and Mike Knett."</p> <p>19 A Correct.</p> <p>20 Q Do you see that?</p> <p>21 A I do see it.</p> <p>22 Q Were there any other -- strike that.</p> <p>23 Do you know what meeting Mr. Paschall is</p> <p>24 referring to here?</p> <p>25 A I don't.</p> | <p style="text-align: right;">108</p> <p>1 (Exhibit 72 was marked.)</p> <p>2 BY MR. WEILER:</p> <p>3 Q Do you recognize this document?</p> <p>4 A I don't.</p> <p>5 Q Do you know if this is something that the</p> <p>6 UFC created -- strike that.</p> <p>7 Do you know if this is something that</p> <p>8 Zuffa created?</p> <p>9 A I don't know.</p> <p>10 Q I will direct your attention to page 6 of</p> <p>11 this document.</p> <p>12 A Got it.</p> <p>13 MS. GRIGSBY: Can I review this full</p> <p>14 document? I haven't had a time to look at it.</p> <p>15 THE WITNESS: Sure.</p> <p>16 MR. WEILER: Counsel, are you ready to</p> <p>17 proceed?</p> <p>18 MS. GRIGSBY: No, I'm not quite yet. And</p> <p>19 since this wasn't produced by Zuffa, I just wanted</p> <p>20 to ask, did this document come with highlighting?</p> <p>21 Or is -- I'm just curious, was it produced with</p> <p>22 highlighting?</p> <p>23 MR. WEILER: I don't recall that -- I</p> <p>24 don't recall.</p> <p>25 MS. GRIGSBY: Ready.</p> |
| <p style="text-align: right;">107</p> <p>1 Q Are any of Mr. Sakakibara, Mr. Matsui --</p> <p>2 strike that.</p> <p>3 At this time this meeting were any of</p> <p>4 Mr. Sakakibara, Mr. Matsui, or Mr. Knett employees</p> <p>5 or representatives of Zuffa?</p> <p>6 A No, they were not.</p> <p>7 Q Did Mr. Paschall attend this meeting that</p> <p>8 is referenced here on behalf of Zuffa?</p> <p>9 A I assume he did.</p> <p>10 Q Was Zuffa accurate in relaying to</p> <p>11 Mr. Paschall its intentions in entering into the</p> <p>12 Pride acquisition?</p> <p>13 MS. GRIGSBY: Objection. Form.</p> <p>14 THE WITNESS: I mean, I don't know why we</p> <p>15 wouldn't be. He's our lawyer. Why would we not</p> <p>16 tell him what we want to do? I mean, as I said,</p> <p>17 this negotiation took many, many, months. So -- but</p> <p>18 I assume all throughout that, we conveyed our</p> <p>19 intentions to Mr. Paschall. Or we would have</p> <p>20 conveyed it to his supervisor Ken Baronsky who was</p> <p>21 his partner on this matter.</p> <p>22 MR. WEILER: I'd like to mark as an</p> <p>23 exhibit, Exhibit 72, a document bearing the Bates</p> <p>24 label DB-Zuffa-00006631 and it runs through 6675.</p> <p>25 THE WITNESS: Got it.</p> | <p style="text-align: right;">109</p> <p>1 BY MR. WEILER:</p> <p>2 Q Okay. Before we get to page 6, yeah, just</p> <p>3 to ask you a question about the cover page. It says</p> <p>4 "Ultimate Fighting Championship, Lenders</p> <p>5 Presentation, May 23rd, 2007." Do you see that?</p> <p>6 A I do.</p> <p>7 Q Do you know what the Lenders Presentation</p> <p>8 could be a reference to?</p> <p>9 A It could have been a reference to -- once</p> <p>10 again, this is before I joined the company. But it</p> <p>11 could be a reference to a term loan that we were</p> <p>12 trying to get for the company around that time.</p> <p>13 Q Is this a loan with Wells Fargo?</p> <p>14 A I don't think it was with Wells Fargo, but</p> <p>15 I don't know.</p> <p>16 Q What's a term loan?</p> <p>17 A It's just a loan that is essentially</p> <p>18 syndicated among a variety of investors, so it's --</p> <p>19 it's similar to, I guess, a normal loan, but it's</p> <p>20 just -- it's not done by one bank, typically. It's</p> <p>21 done -- sort of sold to a variety of investors. So</p> <p>22 it's sort of like a bond, but not really. It</p> <p>23 doesn't have the same legal requirements that you</p> <p>24 have to have to have a bond issued. But from an</p> <p>25 investor standpoint, it's very akin to that. You</p> |

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| <p style="text-align: right;">110</p> <p>1 would buy a piece of a tranche of debt and get a 2 certain interest rate and have certain rights 3 associated with the loan you made. 4 And there's a market for it too, so it 5 would trade via -- Deutsche Bank traded ours. But 6 there are other firms that can essentially make the 7 market for the trading on the debt, the term loan. 8 Q And do you know one way or the other 9 whether in May of 2007 Zuffa was seeking to make -- 10 I'm sorry -- seeking to sell a term loan to anybody? 11 MS. GRIGSBY: Objection. Scope. 12 BY MR. WEILER 13 Q I guess I can withdraw the question. 14 Let's -- maybe a better way of doing it -- turn to 15 page 6. 16 A Okay. 17 Q There's text under the heading "Key 18 Highlights." 19 A Yeah. So this must be the term loan. 20 Because, yeah, it says, "First lane term loan, 21 \$275 million." So this must have been the -- some 22 of the materials for the presentation for the term 23 loan. 24 Q So is Zuffa seeking to find investors in a 25 \$275 million term loan?</p> | <p style="text-align: right;">112</p> <p>1 A Yes. 2 Q And do you know how that money was going 3 to be used? 4 MS. GRIGSBY: Objection. Scope. 5 THE WITNESS: It's the recapitalization of 6 the company. So they were going to essentially -- 7 that was going to be a dividend that was going to be 8 paid to the owners of the business. 9 BY MR. WEILER: 10 Q Now, directing your attention to key 11 highlight part of the Document No. 4, it says, 12 "75 million senior secured revolver with Wells Fargo 13 partially drawn today will be fully drawn upon 14 closing of Pride." Do you see where it says that? 15 A Yes. 16 Q Do you know what this 75 million senior 17 secured revolver is a reference to? 18 A Exactly what it says. 75 million senior 19 security revolver with Wells Fargo. 20 Q Is that how the Pride acquisition was, in 21 the first instance, financed? 22 A You know, I believe it was. Like I said, 23 I wasn't there when the deal was closed, but I 24 believe that was the funding mechanism that was used 25 to fund the Pride acquisition, the Wells Fargo</p> |
| <p style="text-align: right;">111</p> <p>1 A Yes. 2 Q And was Deutsche Bank assisting Zuffa in 3 that regard? 4 A Yes. 5 Q And do you know what the \$275 million term 6 loan was going to be used for? 7 A Yes. Part of it was going to be used to 8 make a dividend to the owners. And part of it was 9 going to be used to repay existing debt, a big chunk 10 of that associated with acquiring Pride. 11 Q So was this a document that was created in 12 connection with the Pride acquisition? 13 MS. GRIGSBY: Objection. 14 THE WITNESS: I don't know that. Once 15 again, this was before I joined the company. What 16 it looks like to me, this was a -- as it says, a 17 lenders' presentation that was made in May of 2007 18 with Deutsche Bank to market the term loan that we 19 just discussed. 20 BY MR. WEILER: 21 Q So the very top of page 6 here there's a 22 graphic. And to the right it says "Payment to 23 owners: \$199 million." Is that the payment to 24 owners that you had referred to a moment ago in your 25 response?</p> | <p style="text-align: right;">113</p> <p>1 revolver. 2 Q So did Zuffa provide information to 3 Deutsche bank in order to create this document? 4 MS. GRIGSBY: Objection. Foundation. 5 THE WITNESS: I don't know who created it. 6 So whether Zuffa created it or whether Deutsche Bank 7 created it or somebody else. So I mean, obviously, 8 there was some information we provided to them. 9 BY MR. WEILER: 10 Q Do you see where it says here in this 11 second sentence that same part, "Pride was our 12 closest competitor"? 13 A I see that. 14 Q Was that an accurate statement as of the 15 time this document was created? 16 A As I said previously, there's no doubt 17 that Pride was a major competitor at the time of the 18 acquisition. Whether they were our closest 19 competitor in the United States is a question. They 20 were certainly a major, major player in the Japanese 21 market and other Asian markets. But I think by this 22 time they had probably done one event in the U.S. 23 that wasn't very successful. 24 Q Okay. I will direct your attention to 25 page 15 of this document.</p> |

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| <p style="text-align: right;">114</p> <p>1 A Got it.</p> <p>2 Q See where it says under the heading</p> <p>3 "Pride"?</p> <p>4 A I do.</p> <p>5 Q "Pride, both defensive and offensive</p> <p>6 acquisition." Do you see where it says that?</p> <p>7 A I do.</p> <p>8 Q Is that accurate?</p> <p>9 MS. GRIGSBY: Objection. Counsel, we just</p> <p>10 pulled the original document and it looks like this</p> <p>11 is not the original format of the document that you</p> <p>12 have just provided to the witness.</p> <p>13 MR. WEILER: Would you prefer that a</p> <p>14 document with a different format be provided to the</p> <p>15 witness?</p> <p>16 MS. GRIGSBY: I would prefer a document</p> <p>17 without Counsel's markings be provided to the</p> <p>18 witness, or a clean document as it was produced to</p> <p>19 you.</p> <p>20 MR. WEILER: Are you referring to the</p> <p>21 highlighting that appears to be here on page 15?</p> <p>22 MS. GRIGSBY: Yes. I had previously asked</p> <p>23 you if there was highlighting in the original</p> <p>24 document. And we pulled our copy of the document</p> <p>25 and it does not contain any highlighting.</p> | <p style="text-align: right;">116</p> <p>1 events that would create sort of an interesting</p> <p>2 marketing opportunity. As I told you before, we</p> <p>3 were able to acquire their library of fights. So</p> <p>4 there's definitely a lot of offensive-type things</p> <p>5 that we could do that really made this make sense.</p> <p>6 On the defensive side, I mean, I'm sure</p> <p>7 there was some benefits. But Pride was on the way</p> <p>8 out. They were in trouble because of the Yakuza</p> <p>9 stuff. And their business was failing. So there</p> <p>10 may have been some defensive-type benefits, but they</p> <p>11 paled in comparison to the offensive-types of</p> <p>12 benefits this deal could present to us and did</p> <p>13 present to us.</p> <p>14 BY MR. WEILER:</p> <p>15 Q What's a defensive acquisition?</p> <p>16 A I assume what it means is, you know,</p> <p>17 you're protecting your business, I guess. I don't</p> <p>18 know.</p> <p>19 Q Can a defensive acquisition be buy</p> <p>20 something up in order to shut it down?</p> <p>21 A I mean, I guess it could be.</p> <p>22 Q Could a defensive acquisition be buy</p> <p>23 something up in order to take out a close</p> <p>24 competitor?</p> <p>25 A It certainly could be. That wasn't what</p> |
| <p style="text-align: right;">115</p> <p>1 MR. WEILER: Are you directing the witness</p> <p>2 to not answer any questions regarding the text?</p> <p>3 MS. GRIGSBY: No. I just asked that you</p> <p>4 provide -- I will just note for the record that this</p> <p>5 is not the original condition of the document Bates</p> <p>6 stamp DB-Zuffa-0006645. And to the extent you're</p> <p>7 representing that it is the document as produced,</p> <p>8 then, the original document was not in this form.</p> <p>9 MR. WEILER: Well, I'll represent for the</p> <p>10 record I don't know why there's highlighting on this</p> <p>11 document. It could be that those were call-outs</p> <p>12 that were done for the benefit of the witness.</p> <p>13 So I believe there was a question pending.</p> <p>14 Could you please read the question back to the</p> <p>15 witness.</p> <p>16 THE WITNESS: I have the question. You</p> <p>17 said do you agree with No. 1, both offensive and</p> <p>18 defensive acquisition. I definitely agree with</p> <p>19 offensive. At this point we're definitely growing</p> <p>20 our -- the UFC brand and we're trying to put on, you</p> <p>21 know, more and more fights to grow the sport of</p> <p>22 mixed martial arts. We felt that, as I said, the</p> <p>23 Pride brand had a tremendous amount of upside in the</p> <p>24 Japanese market and Asian markets. We felt that</p> <p>25 there were opportunities to do Pride versus UFC-type</p> | <p style="text-align: right;">117</p> <p>1 happened here.</p> <p>2 Q Were any of Zuffa's acquisitions defensive</p> <p>3 acquisitions in Zuffa's view?</p> <p>4 A Not in my view, no.</p> <p>5 Q You say "my view," you mean the view of</p> <p>6 the company; is that correct?</p> <p>7 A Absolutely, Zuffa's view. I said before</p> <p>8 our goals in making these acquisitions were</p> <p>9 different. I mean, they were all different because</p> <p>10 there were different circumstances around each</p> <p>11 event.</p> <p>12 Q Is the question of whether something's a</p> <p>13 defensive acquisition an issue that's in the eye of</p> <p>14 the beholder in Zuffa's view?</p> <p>15 A I don't know.</p> <p>16 Q Do you see where it says Point No. 3 under</p> <p>17 Pride, "We have all the superstars"?</p> <p>18 A I do see that.</p> <p>19 Q Is that accurate?</p> <p>20 A I think that, you know, the UFC certainly</p> <p>21 had a great stable of athletes at the time.</p> <p>22 Certainly Pride did too. I don't know if it's true</p> <p>23 that we had all of the stars at that exact moment.</p> <p>24 But we certainly had some tremendous athletes as a</p> <p>25 result of the acquisition of Pride.</p> |

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| <p style="text-align: right;">134</p> <p>1 not in there, it's not in there.</p> <p>2 Q Do you know why there was no reference</p> <p>3 here to the fact that, as of May 24, 2007, Pride had</p> <p>4 not fulfilled its obligations regarding background</p> <p>5 investigation of its employees?</p> <p>6 A Well, I think the main reason was that</p> <p>7 that was going to be done post close.</p> <p>8 Q So completion of the investigation of the</p> <p>9 background of Pride's employees was a condition to</p> <p>10 closing the agreement?</p> <p>11 A Well, it was --</p> <p>12 MS. GRIGSBY: Objection. Mischaracterizes</p> <p>13 testimony.</p> <p>14 THE WITNESS: No. No. It was -- the</p> <p>15 question you asked me were what are the issues</p> <p>16 covered here and was everything covered in here.</p> <p>17 And I mentioned the issue relating to the background</p> <p>18 investigations. But my recollection is that the</p> <p>19 background investigation were something that were a</p> <p>20 condition, but we were going to deal with it after</p> <p>21 close. And obviously, they refused to participate</p> <p>22 in the background investigations, and as a result,</p> <p>23 the business closed.</p> <p>24 BY MR. WEILER:</p> <p>25 Q And the background investigation that</p> | <p style="text-align: right;">136</p> <p>1 respect to Fedor that were significant. But that</p> <p>2 didn't result in the UFC pulling out the deal.</p> <p>3 Q When you say Fedor, is that a reference to</p> <p>4 Fedor Emelianenko?</p> <p>5 A Yes.</p> <p>6 Q Other than Mr. Emelianenko, were there</p> <p>7 issues with the assignment of Pride contracts to</p> <p>8 Zuffa that nearly caused Zuffa to back out of the</p> <p>9 deal?</p> <p>10 A I don't recall that. But once again, I</p> <p>11 wasn't -- I wasn't there when the transaction was</p> <p>12 consummated.</p> <p>13 Q I'd like to mark as Exhibit 75 a document</p> <p>14 bearing the Bates label ZUF-000378347 going through</p> <p>15 8371.</p> <p>16 (Exhibit 75 was marked.)</p> <p>17 BY MR. WEILER:</p> <p>18 Q Okay. Do you recognize this document,</p> <p>19 sir?</p> <p>20 A Yes.</p> <p>21 Q What is this document?</p> <p>22 A Looks like it's one of the reports that</p> <p>23 Spectrum Gaming Group issued regarding the</p> <p>24 background investigations of employees.</p> <p>25 Q And who is Spectrum Gaming Group?</p> |
| <p style="text-align: right;">135</p> <p>1 we've been discussing relates to Pride's alleged</p> <p>2 ties with the Yakuza organization; correct?</p> <p>3 A Well, it had to do with the senior</p> <p>4 executives of the company. I mean, we're buying a</p> <p>5 number of assets that included the ongoing operation</p> <p>6 of Pride. Japan is a very difficult market to do</p> <p>7 business with and in. And we felt that we needed to</p> <p>8 have Japanese people running the operation on the</p> <p>9 ground in Japan. So I wanted all those people that</p> <p>10 were going to be working for the business to fill</p> <p>11 out background investigation forms. And virtually</p> <p>12 all of the senior executives refused to fill out the</p> <p>13 forms.</p> <p>14 Q Were there any issues regarding the</p> <p>15 assignment of MMA fighters who were fighting with</p> <p>16 Pride -- the assignment of their contracts to Zuffa</p> <p>17 that caused the closing date to be pushed back?</p> <p>18 A I don't know whether -- there certainly</p> <p>19 were issues. I don't know whether that was the</p> <p>20 specific reason for pushing the closing date back.</p> <p>21 Some of those are referenced in this letter.</p> <p>22 Q Were there any issues regarding the</p> <p>23 assignment of Pride fighters to Zuffa that nearly</p> <p>24 caused Zuffa to back out of the Pride acquisition?</p> <p>25 A I mean, there were certainly issues with</p> | <p style="text-align: right;">137</p> <p>1 A Spectrum Gaming Group is a gaming</p> <p>2 consulting group that does a variety of work in the</p> <p>3 gaming field. One of the things they do is they do</p> <p>4 investigations into the backgrounds of individuals.</p> <p>5 Frank and Lorenzo Fertitta were owners of a company</p> <p>6 called Station Casinos, which had gaming licenses</p> <p>7 here in Nevada and other jurisdictions. And as a</p> <p>8 result of them holding those privileged licenses,</p> <p>9 gaming regulators hold them to a very, very high</p> <p>10 standard regarding people that they associate with.</p> <p>11 In fact, when this deal was done, Lorenzo met with</p> <p>12 members of the Nevada Gaming Control Board and</p> <p>13 Commission and let them know that, "You know,</p> <p>14 listen, we're buying this company. It's separate</p> <p>15 from my gaming interests. But it's certainly</p> <p>16 something that, you know, I'm buying. I promise you</p> <p>17 that we will conduct thorough background</p> <p>18 investigations on everybody, because there have been</p> <p>19 these allegations of Yakuza involvement. And we</p> <p>20 will make sure that we don't do anything to</p> <p>21 embarrass you, the regulators. And we'll take</p> <p>22 action if we find anybody who is not, you know,</p> <p>23 worthy of us associating with them."</p> <p>24 So this was all about them protecting</p> <p>25 their gaming licenses in Nevada and other</p> |

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| <p style="text-align: right;">138</p> <p>1 jurisdictions.</p> <p>2 Q So did Zuffa engage Spectrum to look into</p> <p>3 the Yakuza allegations?</p> <p>4 A Well, it was more than that. I mean, they</p> <p>5 were -- they were basically hired to conduct</p> <p>6 background investigations on all of the key</p> <p>7 executives and all of the employees, frankly, in the</p> <p>8 Pride entity that we were acquiring.</p> <p>9 Q And when did Zuffa engage Spectrum?</p> <p>10 A I don't know the date.</p> <p>11 Q Did Zuffa engage Spectrum prior to the</p> <p>12 closing of the Pride acquisition?</p> <p>13 A I believe they did.</p> <p>14 Q Who at Zuffa communicated with Spectrum</p> <p>15 concerning Spectrum's investigation of the Pride</p> <p>16 acquisition?</p> <p>17 A I assume Kirk Hendrick, John Mulkey.</p> <p>18 Q Do you know how often Mr. Hendrick or</p> <p>19 Mr. Mulkey consulted with Spectrum?</p> <p>20 A No. There may have been also people</p> <p>21 involved in Station Casinos that were involved in</p> <p>22 hiring Spectrum. I just don't know.</p> <p>23 Q Did the investigation that Spectrum</p> <p>24 performed relate to whether, as a result of the</p> <p>25 Pride acquisition, Zuffa was going to be associating</p> | <p style="text-align: right;">140</p> <p>1 that's not what happened.</p> <p>2 Q Do you see where it says here, turning to</p> <p>3 page 3 of the document at the very top -- and I'm</p> <p>4 just going to just start to read in the middle of</p> <p>5 the sentence "he proved to be the least cooperative</p> <p>6 and most obstructive of all the directors."</p> <p>7 A Where is this?</p> <p>8 Q This is at the very top of page 3.</p> <p>9 A Yes.</p> <p>10 Q -- "late in non-submission of documents by</p> <p>11 Sakakibara, delayed and significantly extended the</p> <p>12 completion of the probative process." Do you see</p> <p>13 where it says that?</p> <p>14 A I do.</p> <p>15 Q So is this a reference to Mr. Sakakibara?</p> <p>16 A That's what it looks like.</p> <p>17 Q So prior to the closing of the Pride</p> <p>18 acquisition, is it accurate to say that Zuffa was</p> <p>19 aware of these issues regarding Mr. Sakakibara?</p> <p>20 A You know, assuming Spectrum let them know</p> <p>21 about this stuff, the answer is, yes, that they --</p> <p>22 clearly Spectrum knew about it. But I think</p> <p>23 everyone assumed that, you know, there are cultural</p> <p>24 issues, we're going to get through this thing, we'll</p> <p>25 get it done.</p> |
| <p style="text-align: right;">139</p> <p>1 with an unsuitable person for purposes of Nevada</p> <p>2 law?</p> <p>3 A I don't -- I don't understand the</p> <p>4 question. The -- they never filled out any of the</p> <p>5 forms. They were obstructionists when dealing with</p> <p>6 Spectrum. And so they weren't able to make any</p> <p>7 determinations one way or the other. But the fact</p> <p>8 that they were uncooperative was the determining</p> <p>9 factor in not getting a favorable report from</p> <p>10 Spectrum.</p> <p>11 Q Did you see -- this is the fourth</p> <p>12 paragraph of the first page where it says "Problems</p> <p>13 began at the very first meeting with DSC directors</p> <p>14 and staff on April 24th, 2007," and it goes on to</p> <p>15 describe -- well, various things.</p> <p>16 A Yup.</p> <p>17 Q But my question to you is whether Zuffa</p> <p>18 knew about these issues that are described here in</p> <p>19 paragraph 4 as of April 24th, 2007?</p> <p>20 A It looks like they did. Certainly,</p> <p>21 Spectrum knew about it. I'm sure they communicated</p> <p>22 that at some point to people at Zuffa. But I think</p> <p>23 everyone thought, "Hey, you know what? Some</p> <p>24 cultural issues here. We'll get through it.</p> <p>25 They'll provide us the information." And then</p> | <p style="text-align: right;">141</p> <p>1 Q At the time of the investigation that is</p> <p>2 referred to here in Exhibit 75, did Zuffa suspect</p> <p>3 that Pride had ties to the Yakuza organization?</p> <p>4 A I don't think they knew one way or the</p> <p>5 other. Certainly, there had been reports. But</p> <p>6 nothing was substantiated. And this was obviously</p> <p>7 one of the purposes of doing this probative</p> <p>8 investigation was to make sure there wasn't anything</p> <p>9 there.</p> <p>10 Q But during the course of the investigation</p> <p>11 Zuffa did, in fact, become aware of reports that</p> <p>12 Pride had links to the Yakuza organization; correct?</p> <p>13 A Well, the reports that Pride was linked to</p> <p>14 the Yakuza were the reason why Pride was for sale in</p> <p>15 the first place. So of course they knew about that</p> <p>16 before the negotiations even began. That's why they</p> <p>17 wanted to sell, because they lost their TV</p> <p>18 distribution, and that put them on the downward</p> <p>19 slide. And whether it was true or not, that was,</p> <p>20 you know, never proved one way or the other.</p> <p>21 Mr. Sakakibara continues to be a businessman in</p> <p>22 Japan, and he owns a soccer team, and does other</p> <p>23 stuff.</p> <p>24 Q Could Zuffa stage -- strike that.</p> <p>25 Could Zuffa have staged events under the</p> |

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| <p style="text-align: right;">142</p> <p>1 Pride brand without resolving the questions that it 2 had about Pride's ties to the Yakuza organization 3 following the consummation of the Pride acquisition? 4 MS. GRIGSBY: Objection. Calls for 5 speculation. 6 THE WITNESS: I don't think, based upon 7 the staff and resources that we had in 2007, that we 8 could have put on an event under the Pride name in 9 Japan. I'm sure we could have re-branded one of our 10 UFC event in the U.S. as a Pride event. But we 11 didn't have a big organization then. We didn't have 12 the resources to navigate a market like Japan. 13 So I don't think we could have done an 14 event in Japan or one of these other Asian markets 15 at that point. But, you know, we certainly could 16 have re-branded a U.S. event, put the Pride name on 17 it. And that was the reason why we were excited 18 about getting the employees of the Pride 19 organization, because we wanted to do events in the 20 market. And it's a complicated market to do 21 business in. 22 BY MR. WEILER: 23 Q So it wasn't a factor one way or the other 24 whether Pride had ties to the Yakuza organization in 25 terms of whether Zuffa could have put on any Pride</p> | <p style="text-align: right;">144</p> <p>1 Zuffa's acquisition of Pride? 2 A It looks like it was. 3 Q And just directing your attention to 4 page 2 at the bottom of the page under the heading 5 "Consideration," runs into the next page which is 6 page 3. Does this provision describe the 7 consideration that was paid to Mr. Sakakibara as 8 part of his agreement to not compete? 9 A I believe it does. 10 Q Okay. And it looks like from this 11 document the non-compete payments were made in 12 annual installments; is that correct? 13 A Looks like that, yes, 1.285 million per 14 year. 15 Q And do you know how many of these 16 installments were actually paid to Mr. Sakakibara? 17 A I don't. 18 Q At one point were these installment 19 payments stopped? 20 A I believe they were. We got into a 21 lawsuit with him. We ultimately settled it and 22 ultimately resolved all these issues. 23 Q When you say you got into a lawsuit with 24 Mr. Sakakibara -- 25 A Yes.</p> |
| <p style="text-align: right;">143</p> <p>1 events? 2 MS. GRIGSBY: Objection. Form. 3 THE WITNESS: Whether or not they had a 4 connection to the Yakuza was, I think, a separate 5 issue. I mean, if it was determined that there were 6 connections to the Yakuza, you know, we couldn't do 7 any business with any of those people that were 8 associated with the Pride brand. So all those 9 employees, Mr. Sakakibara, any of those people, we 10 just couldn't do business with. You know, I guess 11 we could have acquired the assets and moved on from 12 there. But we certainly couldn't have been in an 13 operating business with people that had definitive 14 ties to organized crime. 15 MR. WEILER: I'd like to mark as 16 Exhibit 76 a document bearing the Bates label 17 ZFL-0864986 going through 4989. 18 (Exhibit 76 was marked.) 19 THE WITNESS: All right. I've got the 20 document. 21 BY MR. WEILER: 22 Q Do you recognize this document? 23 A No, I don't. But it looks like a 24 non-competition agreement with Mr. Sakakibara. 25 Q Was this document entered into as part of</p> | <p style="text-align: right;">145</p> <p>1 Q -- what was the nature of that lawsuit? 2 A He sued us. 3 Q Why did Mr. Sakakibara sue Zuffa? 4 A I mean, in general, he was claiming 5 breaches of the -- I believe of this non-compete and 6 of the purchase agreement. 7 Q Did his lawsuit have anything to do with 8 whether Zuffa was going to continue to -- strike 9 that. 10 Did his lawsuit have anything to do with 11 whether Zuffa would stage MMA events under the Pride 12 brand? 13 A I believe there was reference to that, 14 yes. 15 Q As part of the Pride acquisition, did 16 Zuffa represent that it would continue the Pride 17 brand? 18 A Yes. 19 Q When Zuffa made that representation -- 20 strike that. 21 Was it Zuffa's understanding that 22 continuing the Pride brand was important to Pride 23 for purposes of the acquisition? 24 A I mean, my recollection is it was 25 something that was part of the agreement. And</p> |

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| <p style="text-align: right;">166</p> <p>1 Q Was it a big day for the UFC when the UFC 2 acquired Affliction? 3 A I'm not sure what a big day means. You 4 know, I do agree that, you know, the biggest thing 5 we thought we were going to get is the opportunity 6 to sign Fedor. And as a result of this, we got the 7 opportunity to sit down and meet with him in person 8 and worked very hard to try to get a deal done with 9 him. Unfortunately, we didn't. But that was -- 10 that was something good. We thought we were going 11 to be in a position to finally get Fedor in the UFC. 12 And ultimately it didn't work out. 13 Q When you say "Fedor," is that a reference 14 to Mr. Emelianenko? 15 A Yes. 16 Q Why didn't Mr. Emelianenko sign with 17 Zuffa? 18 A I don't know. We made him a great offer. 19 I don't understand. I will never understand. We 20 have been negotiating with this guy for ten years 21 trying to get him to fight in the UFC. I will never 22 understand why he didn't come. But he didn't. 23 Q Did Mr. Emelianenko request to modify the 24 form fighter contract used by Zuffa as part of the 25 negotiations?</p> | <p style="text-align: right;">168</p> <p>1 A Yes. 2 Q Did Zuffa come to acquire Strikeforce? 3 A Yes. 4 Q And how did Zuffa come to acquire 5 Strikeforce? 6 A Strikeforce was owned by some guys that 7 were technology entrepreneurs. In addition, they 8 owned the HP -- I think it was the HP Arena in San 9 Jose, California. They also owned the San Jose 10 Sharks. And they had built Strikeforce. 11 At some point we got information that they 12 were shopping it. They no longer wanted to be in 13 the business. And so I believe Lorenzo Fertitta 14 spoke with the principals at Silicon Valley Sports 15 and Entertainment and began negotiating a sale of 16 the business to Zuffa. It was our understanding 17 there were other bidders for it. And ultimately, we 18 reached a deal to acquire Strikeforce in 2011, I 19 believe. 20 Q So is Mr. Fertitta -- sorry. Strike that. 21 Was Lorenzo Fertitta the primary 22 negotiator on behalf of Zuffa for the Strikeforce 23 transaction? 24 A Once again, you know, most of our deals -- 25 all of our deals were done with our entire</p> |
| <p style="text-align: right;">167</p> <p>1 MS. GRIGSBY: Objection to scope. 2 THE WITNESS: He definitely wanted to 3 negotiate his deal, and we made a lot of compromises 4 to try to get him. 5 BY MR. WEILER: 6 Q Who negotiated with Mr. Emelianenko 7 following the Affliction transaction? 8 A I did. I mean, he doesn't speak English. 9 So he had a variety of advisers and people with him. 10 So I just want to make it clear that I wasn't 11 negotiating directly with him, because he doesn't 12 speak any English. 13 Q Was one of the issues in contention in the 14 negotiations with Mr. Emelianenko the identity 15 rights as defined under Zuffa's contracts? 16 MS. GRIGSBY: Objection to scope. 17 Obviously, this is in the topic of fighter 18 contracts. If you're asking Mr. Epstein in his 19 individual capacity, then he can answer if he knows. 20 MR. WEILER: I'll withdraw the question 21 and save it for later, by which I mean a future 22 deposition if necessary. 23 BY MR. WEILER: 24 Q Was there once an MMA promoter known as 25 Strikeforce?</p> | <p style="text-align: right;">169</p> <p>1 management team. So myself, Kirk Hendrick, John 2 Mulkey, and Lorenzo Fertitta, in addition to Dana 3 White. So I'm not sure I would characterize him as 4 the primary person. But he was certainly very much 5 involved in this deal. 6 Q You further testified that Lorenzo 7 Fertitta spoke with principals at Silicon Valley 8 Sports and Entertainment. Who at Silicon Valley 9 Sports and Entertainment did Mr. Fertitta speak to 10 regarding the Strikeforce transaction? 11 A I always get the guy's name wrong, but 12 it's Stratton Scavos, something along those lines. 13 Q Anybody else, other than Mr. Stratton 14 Scavos? 15 A I don't think that's his name. But 16 anyway, not that I recall. I should remember him 17 because he had a very unique name. 18 Q Why did Zuffa acquire Strikeforce? 19 A You know, I said the company was for sale 20 and they had a good group of fighters. They had 21 done some events and they actually acquired some 22 libraries also from other promoters. And they had a 23 good brand in the Strikeforce brand, which was -- 24 and also they had a television deal with Showtime 25 and CBS, which was interesting.</p> |

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| <p style="text-align: right;">170</p> <p>1 Q Was Strikeforce a competitor of Zuffa at</p> <p>2 the time Zuffa acquired Strikeforce?</p> <p>3 A Yes.</p> <p>4 Q Was Strikeforce Zuffa's closest competitor</p> <p>5 at the time that Zuffa acquired Strikeforce?</p> <p>6 A It was certainly one of our biggest</p> <p>7 competitors in the United States. They didn't have</p> <p>8 much of a presence outside the United States. But</p> <p>9 they were definitely a significant competitor in the</p> <p>10 United States.</p> <p>11 Q Were there any closer competitors in the</p> <p>12 United States than Strikeforce at the time of the</p> <p>13 Strikeforce transaction?</p> <p>14 A I just can't remember when Bellator</p> <p>15 started coming on the scene, the timing of that.</p> <p>16 But as I said, they were a significant competitor.</p> <p>17 They were mainly doing events in Northern California</p> <p>18 at the arena that they owned, the HP Arena in San</p> <p>19 Jose. But they had a lot of good fighters and they</p> <p>20 were a significant competitor to the UFC in the</p> <p>21 United States, absolutely.</p> <p>22 Q Did Zuffa acquire Strikeforce in order to</p> <p>23 sign its fighters to contracts with Zuffa?</p> <p>24 A Well, one of the factors we looked at in</p> <p>25 acquiring the business was the roster of athletes</p> | <p style="text-align: right;">172</p> <p>1 that.</p> <p>2 Q I'd like to mark as Exhibit 82, a document</p> <p>3 that is in your binder under a different --</p> <p>4 A 18?</p> <p>5 Q -- numbers. It's tab 18, correct.</p> <p>6 Bearing Bates label ZFL-2128660 through 8704.</p> <p>7 A I've got it.</p> <p>8 (Exhibit 82 was marked.)</p> <p>9 BY MR. WEILER:</p> <p>10 Q Do you recognize this document that's been</p> <p>11 marked here as Exhibit 82?</p> <p>12 A I do.</p> <p>13 Q And what is this document?</p> <p>14 A Asset purchase agreement between Zuffa and</p> <p>15 Explosion Entertainment.</p> <p>16 Q And is this the agreement by which Zuffa</p> <p>17 acquired Strikeforce?</p> <p>18 A That's correct.</p> <p>19 Q Directing your attention to page 12 of the</p> <p>20 agreement.</p> <p>21 A Page 12?</p> <p>22 Q Yes, Section 2.5 titled "Purchase Price."</p> <p>23 A Got it.</p> <p>24 Q Is the figure that's indicated here</p> <p>25 consideration that Zuffa paid for the Strikeforce</p> |
| <p style="text-align: right;">171</p> <p>1 that they had. So in that sense, you know, the</p> <p>2 answer is, yes, we were interested in their</p> <p>3 fighters.</p> <p>4 Q So what conclusions prior to the</p> <p>5 Strikeforce acquisition did Zuffa come to, if any,</p> <p>6 regarding Strikeforce's roster of fighters?</p> <p>7 A Well, like all rosters of fighters, I've</p> <p>8 said before, they had a lot of diversity in the</p> <p>9 fighters that they had. They had fighters that, you</p> <p>10 know, were -- had experience and had lot of fights;</p> <p>11 they had ones that didn't have a lot of experience.</p> <p>12 They also had a female division which we didn't have</p> <p>13 in the UFC, so that was something also that was new</p> <p>14 and different in the Strikeforce brand.</p> <p>15 Q Who at Zuffa made the final decision to</p> <p>16 acquire Strikeforce?</p> <p>17 A Lorenzo Fertitta.</p> <p>18 Q Did Zuffa use any outside counsel in</p> <p>19 connection with the Strikeforce acquisition?</p> <p>20 A Yes.</p> <p>21 Q Which firm?</p> <p>22 A I think it was Milbank.</p> <p>23 Q Is Mr. Paschall involved in the</p> <p>24 Strikeforce acquisition?</p> <p>25 A I don't remember if Tom was involved in</p> | <p style="text-align: right;">173</p> <p>1 acquisition?</p> <p>2 A Yes, it is.</p> <p>3 Q And how did Zuffa come up with -- strike</p> <p>4 that.</p> <p>5 Was the purchase price that was paid,</p> <p>6 which appears to be 34,250,000, a fair price for</p> <p>7 Strikeforce?</p> <p>8 A It's the price we negotiated with them, so</p> <p>9 I think it's a fair price.</p> <p>10 Q Did Zuffa perform any valuations of</p> <p>11 Strikeforce prior to the acquisition?</p> <p>12 A We certainly did due diligence. We didn't</p> <p>13 hire any sort of outside valuation firm to analyze</p> <p>14 the value of the assets, as far as I know, before</p> <p>15 the transaction. But we certainly -- you know, were</p> <p>16 in a position to analyze what assets they had and</p> <p>17 the opportunities that acquiring them would present</p> <p>18 to us.</p> <p>19 Q Did Zuffa use financing in connection with</p> <p>20 its acquisition of Strikeforce?</p> <p>21 A You know, I don't remember. I mean, we</p> <p>22 certainly had a revolver available to us, and we</p> <p>23 could have. I just don't know exactly where the</p> <p>24 actual funds came from.</p> <p>25 Q I would like to direct your attention to</p> |

44 (Pages 170 to 173)

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| <p style="text-align: right;">174</p> <p>1 page 17 of the agreement, please, Section 3.9.</p> <p>2 A Got it.</p> <p>3 Q Entitled contracts -- "Fighter Contracts."</p> <p>4 A I see it.</p> <p>5 Q Were the fighter contracts the primary</p> <p>6 asset that Zuffa acquired from Strikeforce?</p> <p>7 A They were certainly one of the most</p> <p>8 important assets that we acquired, yes.</p> <p>9 Q Was there any asset that were more</p> <p>10 important that the fighter contracts?</p> <p>11 A I mean, the three assets that we got were</p> <p>12 the fighter contracts, the library that they had --</p> <p>13 and I mentioned previously, they had acquired some</p> <p>14 other assets from other promoters in addition to the</p> <p>15 Strikeforce brand and the contracts to Telecast and</p> <p>16 CBS and Showtime. So the fighter contracts were</p> <p>17 definitely the most important, but there were other</p> <p>18 important assets also.</p> <p>19 Q I would like to mark as an exhibit,</p> <p>20 Exhibit 83, document bearing the Bates label</p> <p>21 ZFL-0551556, goes through 1558.</p> <p>22 A All right. I got it.</p> <p>23 (Exhibit 83 was marked.)</p> <p>24 BY MR. WEILER:</p> <p>25 Q Do you recognize this document?</p> | <p style="text-align: right;">176</p> <p>1 the time you need.</p> <p>2 THE WITNESS: Want to me to go ahead and</p> <p>3 answer? Yes, so I don't specifically recall any</p> <p>4 particular fighter, you know, if we don't get this</p> <p>5 particular guy, this deal is off. Clearly, we</p> <p>6 wanted to get all the fighter contracts, but I don't</p> <p>7 remember there being, "If we don't get Alistair</p> <p>8 Overeem, for example, the deal's off." I don't</p> <p>9 recall that -- that discussion.</p> <p>10 BY MR. WEILER:</p> <p>11 Q Direct your attention to the third column</p> <p>12 here that's on this spreadsheet. It's entitled</p> <p>13 "Exclusivity." Do you see where it says that?</p> <p>14 A I see it.</p> <p>15 Q What's the significance of this term here,</p> <p>16 "exclusivity," as it appears on Exhibit 83?</p> <p>17 A It's giving a description of whether or</p> <p>18 not the contract is exclusive to Strikeforce.</p> <p>19 Q When you say "exclusive to Strikeforce,"</p> <p>20 do you mean whether -- strike that.</p> <p>21 What do you mean by "exclusive to</p> <p>22 Strikeforce"?</p> <p>23 A It means that the athletes were exclusive</p> <p>24 to Strikeforce for MMA fighting. You see, the vast</p> <p>25 majority are exclusive.</p> |
| <p style="text-align: right;">175</p> <p>1 A Yes.</p> <p>2 Q And what is this document?</p> <p>3 A Strikeforce fighter contract list.</p> <p>4 Q And are the fighters on this list the</p> <p>5 fighters whose rights Zuffa acquired as part of the</p> <p>6 Strikeforce transaction?</p> <p>7 A It looks like it, yes.</p> <p>8 Q Was it a condition of the Strikeforce</p> <p>9 agreement that any particular of these fighters</p> <p>10 agree to have their contracts assigned to Zuffa?</p> <p>11 A Well, I mean, some of them I don't think</p> <p>12 were assigned, and we may have signed them later on.</p> <p>13 Like Hector Lombard, for example, I don't recall him</p> <p>14 being assigned. But I know we did sign him to a</p> <p>15 deal later on. I believe the vast majority of these</p> <p>16 were assigned to us as part of the deal.</p> <p>17 Q Were there any fighters on this list who,</p> <p>18 if they were not assigned to Zuffa as part of the</p> <p>19 deal, would have resulted in Zuffa backing away from</p> <p>20 the deal?</p> <p>21 A I don't know if there were -- go ahead.</p> <p>22 MS. GRIGSBY: Objection. This is a</p> <p>23 three-page list. So can you please give the witness</p> <p>24 time to just review every name on this list?</p> <p>25 MR. WEILER: Sure. Please, sir, take all</p> | <p style="text-align: right;">177</p> <p>1 Q Was it important to Zuffa that the</p> <p>2 agreements with Strikeforce between Strikeforce and</p> <p>3 its fighters were exclusive as to Strikeforce?</p> <p>4 A Yes. As I explained earlier, you can't --</p> <p>5 you know, we were -- we were acquiring Strikeforce</p> <p>6 in order to increase the output of our events. And</p> <p>7 as I said, as you ramp up and do 42, 43 events per</p> <p>8 year, if you don't know the athletes are exclusive</p> <p>9 to you, you can't plan that many events.</p> <p>10 Q Would Zuffa have acquired Strikeforce if</p> <p>11 the contracts that had been assigned as part of the</p> <p>12 transaction were not exclusive?</p> <p>13 A Probably not.</p> <p>14 Q And why not?</p> <p>15 A I explained previously, you just can't run</p> <p>16 a business doing 42 or 43 events per year without</p> <p>17 having the athletes exclusive to you because you</p> <p>18 just can't produce that output of event not knowing</p> <p>19 the athletes are going to be there for you and not</p> <p>20 fighting for some other organization.</p> <p>21 So, I mean, we might have still acquired</p> <p>22 it and tried to get the athlete to sign exclusive</p> <p>23 agreements with us. But at the end of the day, our</p> <p>24 business requires these to be exclusive because you</p> <p>25 have so many events you need to put on every single</p> |